

**MINUTES OF THE
YORBA LINDA WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
December 22, 2005, 8:30 A.M.**

The December 22 regular meeting of the Yorba Linda Water District Board of Directors was called to order by President Michael J. Beverage at 8:30 a.m. The meeting was held at District Headquarters, 4622 Plumosa Drive, Yorba Linda.

DIRECTORS PRESENT AT ROLL CALL

Michael J. Beverage, President
Paul R. Armstrong, Vice President
Ric Collett
William R. Mills
John W. Summerfield

STAFF PRESENT

Kenneth Vecchiarelli, Asst. General Manager
Arthur G. Kidman, General Counsel
Beverly Meza, Business Manager
Lee Cory, Operations Manager
Michael Robinson, Assistant Administrator
Amelia Cloonan, Admin Secretary

INTRODUCTION OF VISITORS AND PUBLIC COMMENTS

Steven Maher, Risk Management Consultants
Kristin Swihart, Risk Management Consultants

PUBLIC HEARING

1. 2005 update of the Urban Water Management Plan.
 1. The President opened the Public Hearing at 8:35 a.m.
 2. The Assistant Secretary provided proof of public hearing notice, correspondence and/or petitions.
 3. Testimony began with a report by Assistant Administrator Robinson. Assistant Administrator Robinson presented the report and introduced Steve Maher and Kristin Swihart of Risk Management Consultants. The most significant change from previous plans was the addition throughout the report of more detail. President Beverage pointed out a discrepancy in total capacity listed in the section on reservoirs. He asked this be checked along with verification of the names of the reservoirs and their capacities. The document will be placed on the Yorba Linda Water District website for public access.
 4. There was no testimony from the public.
 5. President Beverage closed the public hearing at 8:53 a.m.

On a motion by Director Mills, seconded by Director Summerfield, the Board of Directors on a roll call vote of 5-0 adopted Resolution 05-13 adopting the 2005 update of the Yorba Linda Water District Urban Water Management Plan.

Steve Maher, Kristin Swihart and Mike Robinson left the meeting at 8:53 a.m.

ANNUAL REORGANIZATION OF THE BOARD OF DIRECTORS

Items 2 and 3 are continued from the regular Board of Directors meeting held December 8, 2005.

2. Reorganization of the Board of Directors to select a President, Vice President and Corporate Officers.

On a motion by President Beverage, seconded by Director Mills, the Board of Directors voted 5-0 to elect Vice President Armstrong as President and Director Collett as Vice President.

The gavel was passed to President Armstrong.

There was a question about the Auditor position because of Beverly Meza's impending retirement on December 30, 2005. Beverly Meza is authorized as Auditor to sign payroll checks. Beverly Meza suggested to Ken and Ken brought the suggestion to the Executive-Administrative-Organizational Committee meeting that he, as the Assistant General Manager/Assistant Secretary, be the second signator. General Counsel Kidman stated the auditor does not really perform auditing functions and suggested appointing Beverly Meza as auditor. The motion should include the wording that of the two signatures required one may be that of the Manager or the Assistant Manager. This can be reversed at a later date when a new Business Manager is hired.

On a motion by Director Beverage, seconded by Director Mills, the Board of Directors voted 5-0 to appoint the following Corporate Officers:

Secretary: Michael A. Payne, General Manager

Assistant Secretary: Kenneth Vecchiarelli, Assistant General Manager

Auditor: Beverly Meza, Business Manager, with Kenneth Vecchiarelli to be temporarily assigned to sign all checks, payroll and other checks, as second signator upon Beverly Meza's retirement.

3. Annual Review and Consideration of the Board of Directors Compensation.

On a motion by Director Mills, seconded by Vice President Collett, the Board of Directors voted 5-0 to maintain the compensation at its present level.

4. Annual Board of Directors Committee Assignments. President Armstrong stated he would prefer to keep the same days and times for the committee meetings to be held in 2006 as those held in 2005. President Armstrong also stated the District no longer needs someone to attend city council and planning commission meetings. Staff is communicating effectively with the city and Board members serve only as a visible presence. Director Summerfield suggested that rather than completely stopping attendance staff should review the agenda to determine if there is anything needing the presence of a Board member. Director Mills wants to spend more time considering this. Director Beverage asked that this question be brought to the Executive-Administrative-Organizational Committee and then to the Board.

President Armstrong suggested that an alternate be designated to attend committee meetings in case those assigned cannot attend.

The committee assignments were made as follows:

<u>Committee</u>		<u>Alternate</u>
Executive-Administration-Organizational	Collett/Armstrong	Beverage
Finance-Accounting	Collett/Mills	Summerfield
Personnel-Risk Management	Beverage/Summerfield	Collett
Planning-Engineering-Operations	Mills/Summerfield	Armstrong
Public Information	Collett/Mills	Summerfield
OCWD Ad Hoc	Armstrong/Beverage	Mills
MWDOC Ad Hoc	Armstrong/Beverage	Mills
Building Ad Hoc	Beverage/Summerfield	Collett
ACWA/JPIA	Mills	Armstrong
ACWA Region 10	Mills	

Director Beverage believed that Roger Yoh, the OCWD representative, should be approached to meet with the District, even though OCWD staff does not want to meet with the ad hoc committee any longer. District staff does attend the OCWD Board meetings.

Director Beverage asked President Armstrong if he still wanted to set up a meeting on a quarterly basis with a representative of the city council. President Armstrong said there are on-going issues that need to be coordinated in agreement with the city: sewage out in the east, requirement for redevelopment taxation pass through, recreation facilities on reservoir sites and the FOG program. Director Beverage further queried if this coordination would be accomplished with the Executive Committee and the Mayor of Yorba Linda participating. Vice President Collett asked that this matter be brought to the Executive Committee. Assistant General Manager Vecchiarelli asked if it would be acceptable to continue as is until the meeting of the Executive Committee on January 17. President Armstrong responded affirmatively.

CONSENT CALENDAR (Items 4 through 12)

Vice President Collett indicated he would abstain from voting on Item No. 6 check numbers 43550 and 43579.

On a motion by Director Beverage, seconded by Director Summerfield, the Board of Directors voted 5-0 to approve the Consent Calendar, with Vice President Collett abstaining from voting on Item 6 check numbers 43550 and 43579.

5. Minutes of the Regular Board of Directors meeting held December 8, 2005
Recommendation: Approve minutes as presented.
6. Payment of bills, refunds, and wire transfers.
Recommendation: Ratify and authorize disbursements in the amount of \$1,404,727.55.
7. Consider Terms and Conditions for Service with Toll Brothers, Inc., Tract No. 16890.
Recommendation: That the Board of Directors approve the Terms and Conditions for Water and Sewer Service with Toll Brothers, Inc., Tract No. 16890, Job No. 200524.
8. Consider Terms and Conditions for Service with Toll Brothers, Inc., Tract No. 16891.
Recommendation: That the Board of Directors approve the Terms and Conditions for Water and Sewer Service with Toll Brothers, Inc., Tract No. 16891, Job No. 200523.
9. Consider Central Yorba Linda Pipeline Project.
Recommendation: That the Board of Directors approve Progress Payment No. 8 in the net amount of \$227,345.01 to Vido Artukovich and Sons, Inc./Vidmar, Inc., a Joint Venture for construction of the Central Yorba Linda Pipeline Project, Job No. 9804.
10. Consider Telephone System Upgrades
Recommendation: Authorize the General Manager to issue a purchase order in the amount of \$37,211.59 to KTS Services, Inc. to provide labor and material for telecommunications upgrades at the Richfield Road and the Plumosa Drive offices.
11. Association of California Water Agencies – 2006 annual membership dues.
Recommendation: Approve payment of the 2006 Association of California Water Agencies annual membership dues in the amount of \$12,100.
12. California Special District Association – 2006 membership dues.
Recommendation: Approve payment of the 2006 California Special District Association annual membership dues in the amount of \$2,774.

Lee Cory left the meeting at 9:36 a.m.

The Board of Directors adjourned to Closed Session at 9:36 a.m. All Directors were present. Also present were Assistant General Manager Vecchiarelli and General Counsel Kidman.

ADJOURN TO CLOSED SESSION

13. a. Conference with Legal Counsel regarding existing litigation to which the District is a party. (Justification for Closed Session is Government Code Section 54956.9(a)) Orange County Water District vs. Yorba Linda Water District.
- b. Conference with Legal Counsel regarding anticipated litigation to which the District is a party. (Justification for Closed Session is Government Code Section 54956.9(b)) (one case)

RECONVENE IN OPEN SESSION

The Board of Directors reconvened in Open Session at 10:23 a.m. Beverly Meza, Michael Robinson and Amelia Cloonan rejoined the meeting.

CLOSED SESSION REPORT

On a motion by Director Mills, seconded by Vice President Collett, the Board of Directors voted 5-0 to add to the agenda an item concerning a bid protest by Facility Builders that needs to be addressed by the Board immediately but was received too late to be agendized.

General Counsel Kidman gave a summary of staff's report for the record. The bid protest is in connection with the Richfield building modifications. Bids were opened November 2. The bid protest according to contract documents should have been received by November 14. The contract was awarded November 22 to C.G. Construction Inc. A notice of award was provided. On December 5, a bid protest was received from Facility Builders and Erectors Inc. indicating a reason for not having met the deadline was that some information requested by the District was not received until after the contract was awarded. After receiving the bid protest, staff made inquiries to the low bidder, C.G. Construction, concerning the substance of the bid protest, which was that the low bidder did not list all of his subcontractors. After making that inquiry, C.G. responded they would perform all the work except items performed by the subcontractors listed in the bid. The recommendation of staff is to reject the bid protest. Even though the bid protest was filed late, the District has made due diligence inquiries and the staff recommendation is to proceed with the award as originally made on November 22. The staff reported contract documents are back from the low bidder and, subject to legal review of insurance documents, they are ready to proceed.

On a motion by Director Mills, seconded by Vice President Collett, the Board of Directors voted 5-0 to communicate with Facility Builders and apprise them that the Board of Directors concurred with staff's original recommendation of the bid award made November 22, 2005.

ACTION CALENDAR

14. Consider Appropriations Limit. Beverly Meza presented the report. It was noted the date on the resolution should read 2005, not 2006.

On a motion by Vice President Collett, seconded by Director Summerfield, the Board of Directors, on a roll call vote, voted 5-0 to adopt Resolution 05-12 adopting the District's Appropriations Limit for fiscal year 2005-2006.

15. Consider 2005 Annual Report. Assistant Administrator Robinson presented the report. He stated the Board had already approved the text of the report. A color mockup was presented for the Board's approval. Director Beverage noted there are a couple of changes that need to be made, including lightening of the color on the inside cover of the report, enlarging the title on the cover and changing the border surrounding YLW on the back cover to white so the logo stands out. Assistant Administrator Robinson stated the final report will be available on the District's web site.

On a motion by Director Beverage, seconded by Director Summerfield, the Board of Directors voted 5-0 to approve publication of the 2005 Yorba Linda Water District Annual Report with changes noted.

16. Approve a Professional Services Agreement for Design of Highland Reservoir Replacement. - Continued from the regular meeting of the Board of Directors held December 8, 2005. Assistant General Manager Vecchiarelli presented the report. The project has been considered previously in different ways. Staff did some research and talked to consultants who have experience with design/build contracts. The District is not set up yet to do this type of contract. The District seeks proposals from qualified firms and performs analyses. On design work, the District is not required to take the lowest proposal. Recommendations for award are made based on different factors. There was analysis by four staff members of four proposals. Carollo was ranked number one by all four separate staff members. Design only is being looked at for this project at this time.

Director Summerfield stated this came to the Planning-Engineering-Operations Committee. Director Mills commented he was surprised at the approach. He felt this project lends itself to some process that would expedite it so the District could have a greater ability to move groundwater.

Director Beverage questioned the protocol and process involved in the selection. His questions were answered.

On a motion by Director Summerfield, seconded by President Armstrong, the Board of Directors voted 5-0 to authorize the President and Secretary to execute a Professional Services Agreement with Carollo Engineers, subject to approval as to form by General Counsel, to prepare engineering plans and specifications for the Highland Reservoir Replacement, Job No. 200309.

REPORTS, INFORMATION ITEMS AND COMMENTS

17. a. President's Report

President Armstrong had nothing to report. He thanked the Board of Directors for their confidence.

b. Directors Reports

Director Collett attended the Colorado River Water Users Association conference. He found it educational. The theme of the conference was "controlling growth through water limitation". He was surprised at the influence of the Indian tribes. Dave Gruchow, Yorba Linda Assistant City Manager, spoke with him about entering into an agreement for use of the Plumosa building as a recreation facility. There are timing issues for the city.

Director Mills spoke about the JPIA meeting he attended. Wes Bannister is now President of the Board of ACWA/JPIA. Refunds will be given on the District's insurance premiums. Some items the District needs to consider are training programs. JPIA believes training is important. Director Mills wants the Personnel-Risk Management Committee to give quarterly updates on training taking place within the District.

At the ACWA Conference, Lester Snow was the speaker. The Sacramento River Delta levees were discussed and need to be addressed.

Director Mills will be unable to attend the Board of Directors meeting on January 26, 2006.

Director Summerfield attended the Colorado River Water Users Association conference. He thanked Director Beverage for his term as President of the Board during the last year. He stated Director Beverage brought some real leadership to the Board. He congratulated Paul Armstrong on his election as President and Ric Collett on his election as Vice President.

c. General Managers Report

Assistant General Manager Vecchiarelli thanked the Board of Directors for their support throughout the year and offered holiday wishes to everyone and their families.

- d. General Counsel's Report
General Counsel Kidman wished a Merry Christmas to all.

COMMITTEE REPORTS

- 18. a. **Executive-Administrative-Organizational Committee** (Beverage/Armstrong)
Minutes of meeting held December 21 will appear in the agenda of January 12, 2006.
Meeting scheduled for January 17, 4:00 p.m.
- b. **Finance-Accounting Committee** (Mills/Collett)
Minutes of the meeting held December 13 were included in the Agenda packet. The committee had a report by phone on activities from Keith Khorey of Wells Capital. The yield on investments is 4.17% on \$21 million.

Meeting scheduled for January 10, 4:00 p.m.
- c. **Personnel-Risk Management Committee** (Collett/Mills)
Meeting scheduled for January 9, 4:00 p.m.
- d. **Planning-Engineering-Operations Committee** (Armstrong/Summerfield)
Minutes of meeting held December 13 appear in the Agenda.

At the meeting scheduled for January 5, 4:00 p.m., Ken Vecchiarelli will be absent. He asked to postpone some items discussed to the meeting in February.
- e. **Public Information Committee** (Summerfield/Beverage)
Meeting scheduled for February 6, 4:00 p.m.
- f. **Building Ad Hoc Committee** (Beverage/Summerfield)
- g. **MWDOC Ad Hoc Committee** (Beverage/Armstrong)
Minutes of meeting held December 12 appeared in the Agenda.
Meeting to be scheduled for Monday, February 27, 2006.

INTERGOVERNMENTAL MEETINGS

- 19. a. Yorba Linda City Council, December 6.
Vice President Collett attended. This was the Council's reorganization meeting. A public hearing on the Town Center was held.

- b. OCWD Board, December 7.
There was no report.
- c. Yorba Linda Planning Commission, December 14, 6:30 p.m.
Director Mills attended. There was nothing of significance to the District.
- d. Colorado River Water Users Association, December 14-16 (Collett, Beverage & Summerfield)
Directors Beverage, Collett and Summerfield attended. Director Beverage reported there were only about half the people in attendance from the last year when there were controversial issues.
- e. Yorba Linda City Council, December 20, 6:30 p.m.
Director Summerfield attended. Doug Dickerson, Brea Police Captain, is retiring. Change of the zoning for the redevelopment was a big issue. Area 19 where Mimi's is located was rezoned. It was stressed that this is a zoning change and regulations must be followed.

BOARD OF DIRECTORS ACTIVITY CALENDAR

Authorization to attend meetings scheduled after December 22, 2005. Agenda is available in the District office prior to meeting.

Committee meeting assignment will be continued as is until the first meeting in January 2006.

January

Yorba Linda City Council, January 3, 6:30 p.m.	Collett
MWDOC/MWD Joint Workshop, January 4, 8:30 a.m.	Staff
OCWD Board, January 4, 5:00 p.m.	cancelled
Planning-Engineering-Operations Committee, January 5, 4:00 p.m.	Summerfield/Mills
WACO, January 6, 7:30 a.m.	Mills
Personnel-Risk Management Committee, January 9, 4:00 p.m.	Beverage/Summerfield
Finance-Accounting Committee, January 10, 4:00 p.m.	Collett/Mills
Yorba Linda Planning Commission, January 11, 6:30 p.m.	Mills
Executive-Admin-Organizational Committee, January 17, 4:00 p.m.	Armstrong/Collett
Yorba Linda City Council, January 17, 6:30 p.m.	Summerfield
MWDOC Board, January 18, 8:30 a.m.	Staff
OCWD Board, January 18, 5:00 p.m.	Staff

CONFERENCES AND SEMINARS

20. Authorize attendance of Directors and such staff members of the District as approved by the General Manager to attend the following conferences and seminars.

None

A request was made to add the ACWA Washington, D.C. Conference, February 28 to March 2, 2006, to the next agenda.

ADJOURNMENT

The Board of Directors adjourned at 11:37 a.m. to a regular meeting of the Board of Directors scheduled for Thursday, January 12, 2006 at 8:30 a.m., at 4622 Plumosa Drive, Yorba Linda, CA 92886.



Kenneth R. Vecchiarelli
Asst. Secretary/Asst. General Manager

AFFIDAVIT OF PUBLICATION

STATE OF CALIFORNIA,)
) ss.
County of Orange)


I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of **The Orange County Register**, a newspaper of general circulation, published in the city of Santa Ana, County of Orange, and which newspaper has been adjudged to be a newspaper of general circulation by the Superior Court of the County of Orange, State of California, under the date of 1/18/52, Case No. A-21046, that the notice, of which the annexed is a true printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

December 8, 15, 2005

"I certify (or declare) under the penalty of perjury under the laws of the State of California that the foregoing is true and correct":

Executed at Santa Ana, Orange County, California, on

Date: December 13, 2005


Signature

The Orange County Register
625 N. Grand Ave.
Santa Ana, CA 92701
(714) 796-7000 ext. 2209

PROOF OF PUBLICATION

This space is for the County Clerk's Filing Stamp

Proof of Publication of

PUBLIC NOTICE

Notice of Hearing

RE: ADOPTION OF THE
2005 UPDATE OF THE
YORBA LINDA WATER DISTRICT
URBAN WATER MANAGEMENT PLAN

Please take notice that on December 22, 2005, at 8:30 a.m., the Board of Directors of Yorba Linda Water District (YLWD) will hold a public hearing at the District Office to hear and consider all views on a report on file with the District Secretary. Urban Water Management Plans have evolved to become: Foundation documents and sources of information for water supply assessments and written verification of water supply; long range planning documents for water supply; source data for the development of regional water plans; source documents for cities and counties preparing their general plans; and key components of Integrated Regional Water Management Plans. The 2005 update continues a philosophy of proactive water resources management. The programs contained in the plan are intended to effectively deal with current and potential water supply problems.

A copy of the report is on file at the District Office and is available for public examination. The District Office is located at 4622 Plumosa Drive, Yorba Linda.

Michael A. Payne
General Manager
Yorba Linda Water District
(714) 777-3018

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